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ABSTRACT

This testimony on charter schools is based on a report prepared at the request of the Subcommittee on Labor, Health and Human Services, Education, and related agencies by the General Accounting Office. Remarks focus on charter schools' instructional innovations, autonomy, accountability systems, and the challenges they pose for federal programs. Unlike traditional public schools, charter schools operate under charters or contracts with school districts, state education agencies, or other public institutions. The 134 charter schools approved thus far in the in nine states: Arizona, California, Colorado, Hawaii, Massachusetts, Michigan, Minnesota, New Mexico, and Wisconsin, have been developed by teachers, school administrators, parents, and private corporations. To date, 11 states have charter-school laws and another 14 may consider such laws in 1995. It is concluded that charter schools offer a new model for public schools that can be freer than traditional schools to use diverse and innovative approaches to education. The autonomy of charter schools poses challenges for holding them accountable for student performance. Accountability depends in part on how well student performance is assessed and reported. A final issue is whether charter schools can be treated as local education agencies (LEAs) for the purpose of receiving federal funds. The Secretary of Education has said that the Department of Education intends to encourage states to develop legal arrangements that best support state and local purposes and will work with states to address issues raised by the General Accounting Office on a case-by-case basis. (LMI)

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CHARTER SCHOOLS

A Growing and Diverse National Reform Movement

Statement of Linda G. Morra, Director
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Health, Education, and Human Services Division

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Mr. Chairman and Members of the Subcommittee:

We are pleased to be here today to discuss the results of our work concerning charter schools, a new and rapidly growing education reform. Unlike traditional public schools, charter schools operate under charters or contracts with school districts, state education agencies, or other public institutions. Each school's charter specifies the terms of its operation, including its instructional program, goals for student performance, and how it will be governed.

American schools must fundamentally reform so that all students can meet the technological and economic challenges of the 21st century. In the wake of public dissatisfaction with schools' capacity to meet such demands, a growing number of states are turning to charter school initiatives. To date, 11 states have charter school laws, and another 14 may consider such laws in 1995.[1] The federal government is also a new player in the charter schools movement. In 1994, it enacted both the Improving America's Schools Act, which includes a new federal grant program to support charter schools and the Goals 2000: Educate America Act, which permits federal funds to be used for charter schools.

Charter school initiatives respond to concerns that extensive state and district requirements stifle innovation and that limited choices among public schools constrain competition that might spur school improvement. These initiatives free teachers and others from certain requirements so that they can develop innovative and diverse schools. Charter schools get autonomy in areas such as curriculum, budget, and personnel in exchange for being held accountable for student performance. Charter school initiatives build on other reforms, such as school-based management and regulatory flexibility, which also provide autonomy to schools. Charter schools go beyond these reforms by encouraging the development of new schools operated under contract.

Our testimony is based on a report prepared at the request of this Subcommittee and the Committee on Labor and Human Resources,[2] which we are releasing today. I will focus my

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[1]States with charter school laws are Arizona, California, Colorado, Georgia, Hawaii, Kansas, Massachusetts, Michigan, Minnesota, New Mexico, and Wisconsin. States considering such laws include Connecticut, Florida, Illinois, Iowa, Indiana, Ohio, Oregon, Pennsylvania, New Jersey, North Carolina, Texas, Vermont, Virginia, and Washington.

[2]Charter Schools: New Model for Public Schools Provides Opportunities and Challenges (GAO/HEHS-95-42, Jan. 18, 1995).

remarks today on charter schools' instructional innovations, autonomy, accountability systems, and the challenges they pose for federal programs.

In summary, we found the 134 charter schools approved thus far have been developed by teachers, school administrators, parents, and private corporations. While charter school developers have used their autonomy to design schools with diverse and innovative instructional programs, some states and districts substantially limit charter schools' autonomy. It is too early to tell, however, if limited autonomy stifles charter schools' innovation. Furthermore, charter schools' accountability systems are new or still being developed so it is too early to tell if they will meet their student performance objectives.

Charter schools pose new challenges for federal programs. A key issue is whether the most autonomous charter schools--those that are legally independent of their school districts--can be considered local education agencies (LEA) for federal program administration. States are uncertain about this and have approached the matter differently. The Department of Education intends to encourage states to develop legal arrangements that best support state and local purposes.

CHARTER SCHOOLS HAVE DIVERSE AND INNOVATIVE INSTRUCTIONAL PROGRAMS

As of January 1, 1995, there were 134 charter schools with diverse instructional programs approved in nine states: Arizona, California, Colorado, Hawaii, Massachusetts, Michigan, Minnesota, New Mexico, and Wisconsin.[3] Charter schools' instructional programs include innovative approaches like instructing children of multiple ages in the same classroom; teaching subjects in the context of a certain theme; and using the Internet as an instructional tool. Some charter schools offer subject area specialization, such as the arts and sciences; others emphasize work experience through internships or apprenticeships. Some charter schools target specific student populations, including students at risk of school failure, dropouts, limited English proficient students, noncollege-bound students, or home-schooled students.

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[3]No charter schools have been approved in Georgia and Kansas.

SOME STATES LIMIT CHARTER SCHOOLS' AUTONOMY

As some advocates envision them, charter schools would operate with far greater autonomy than traditional schools--they would be legally independent from the school districts where they are located and control their own budgets, personnel, and instructional programs. While this is the case for charter schools in some states, other states have laws that limit charter schools' autonomy. State laws influence charter schools' autonomy by how they provide for their (1) legal status, (2) approval, (3) funding, and (4) exemption from rules.

Charter schools in five states have less autonomy than in other states because they must be legally part of a school district. In four states, charter schools are legally independent from the school districts where they are located.[1] The legal status of a charter school may influence its authority over budgeting and personnel decisions.

All charter schools must be approved by some public institution, but some state laws limit the type of institution that may approve the schools. Some states require school districts to approve all charter schools while others permit several types of institutions to approve them, including the state board of education, state universities, or community colleges. Requiring school district approval could result in less autonomous charter schools if districts use their leverage with the schools to maintain more traditional relationships with them.

In some states, such as Georgia and Kansas, the amount of state or local funding for charter schools is subject to negotiation with the school districts that approve the charters. Other states, such as Michigan and Minnesota, set funding for charter schools. Charter schools' fiscal autonomy could be limited when funding amounts are subject to negotiation with the school district approving the charter. Districts may seek to retain control over some funds as a condition for approval.

Some states limit charter schools' autonomy from state and district rules. Colorado and New Mexico, for example, require charter schools to request exemption from specific rules and to seek district or state approval for such requests. Other states, such as Arizona and California, exempt charter schools from most state education rules.

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[1]In one state, California, a charter school's legal status is determined through negotiation with the local school board that approves its charter. In one state, Hawaii, the legal status of charter schools remains uncertain and awaits a decision by the State Attorney General.

EFFECTIVENESS OF CHARTER SCHOOLS' ACCOUNTABILITY SYSTEMS UNKNOWN

The extent to which charter schools can be held accountable depends on how the schools assess student performance and report results. Charter schools vary in how specifically they state student performance objectives and assessment methods. Also, some charter schools have their assessment systems in place and have begun collecting data; others--including some schools already open--are still developing their assessment systems. Because charter schools' efforts to assess and report student performance are fairly recent, it is too early to tell if the schools will meet their student performance objectives.

In addition, several important questions about charter schools' accountability systems remain. First, are charter schools collecting adequate baseline data to determine changes in student performance? Such judgments may be difficult in schools that opened before their assessment methods were developed. Second, will charter schools report data by race, gender, or socioeconomic status so that the performance of specific student groups may be assessed? No state laws require charter schools to do so; some have no reporting requirements; and most leave the nature of reporting to local discretion. Third, what are the implications of requiring charter schools to meet state performance standards and to use standardized, norm-referenced tests? Will such requirements discourage charter schools with specialized purposes or that target low-achieving student populations? Will such requirements encourage charter schools to have more traditional instructional programs?

CHARTER SCHOOLS POSE NEW CHALLENGES FOR FEDERAL PROGRAMS

Charter schools pose new challenges for federal programs due to the lack of connection of some charter schools to school districts, which are considered LEAs for federal program administration. School districts normally receive allocations of federal funds from their states and are held legally responsible for meeting program requirements. An important issue is whether those charter schools that are legally independent of their school districts can be considered LEAs for the purpose of, for example, receiving Title I funds or serving disabled students. While legally independent charter schools appear to meet the definition of an LEA, states are uncertain about this. Some states that authorized legally independent charter schools have not yet decided whether to treat them as LEAs. Other states have taken contrasting approaches that range from treating charter schools as regular schools to treating them as LEAs.

CONCLUSION

Charter schools offer a new model for public schools that can be freer than traditional schools to use diverse and innovative approaches to education. While some states limit charter schools' autonomy, it is too soon to tell whether such limits will stifle innovations and which limits may be more likely to do so.

The autonomy of charter schools poses challenges for holding them accountable for student performance. Whether charter schools will be held accountable for student performance depends in part on how well student performance is assessed and reported and remains an issue for future evaluations of these schools.

Finally, the challenges charter schools pose for federal programs concern their status as single schools operating as LEAs. Such an arrangement was not anticipated in current law and regulations. We have recommended that the Secretary of Education clarify whether charter schools may be considered LEAs and how these schools can be treated for federal education programs. The Secretary informed us that the Department of Education intends to encourage states to develop legal arrangements that best support state and local purposes and will work with states to address issues raised by GAO on a case-by-case basis.

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Mr. Chairman, that concludes my prepared statement. At this time, I will be happy to answer any questions you or other members of the Subcommittee have.

For more information on this testimony, please call Beatrice Birman, Assistant Director, at (202) 512-7008, or Richard Wenning, Evaluator-in-Charge, at (202) 512-7048

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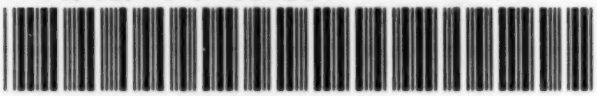

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